Silverwood Industries Limited Annual Report 1979

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Contents

Annual Meeting
April 30, 1980 – 2:00 P.M.
London, Canada

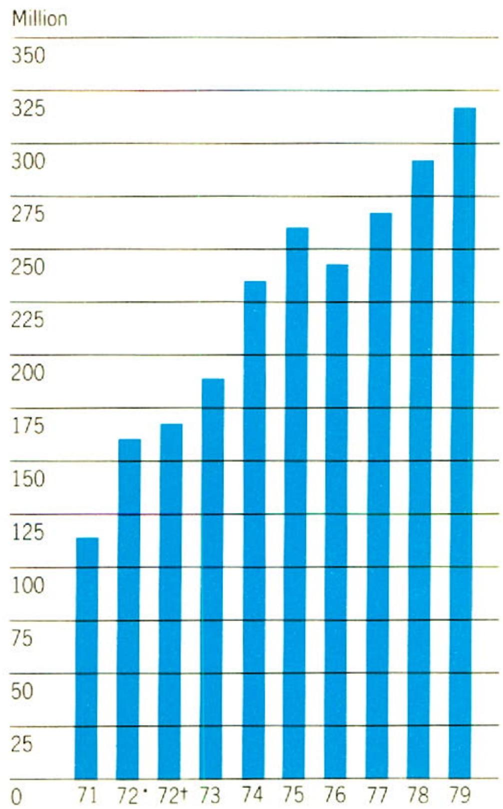
Silverwood Industries Limited is a Canadian owned company providing a wide range of consumer goods and services within the country

Financial Highlights

Year ended December 30, 1979 and December 31, 1978

	1979	1978
Sales	**$315,427,884**	$294,341,803
Net income for year	**$ 2,982,629**	$ 1,518,558*
Earnings per Class "A" and "B" shares		
Net income for year	**$ 2.22**	$ 1.13
Dividends paid	**$ 806,620**	$ 806,620
Rate per Class "A" and "B" shares	**$ .60**	$ .60
Retained earnings re-invested in business to date	**$ 24,352,450**	$ 22,176,441*
Shareholders' equity	**$ 31,693,767**	$ 29,517,758*
Shares outstanding		
Class "A"	**903,158**	903,158
Class "B"	**441,212**	441,212
Equity per Class "A" and "B" share	**$ 23.58**	$ 21.96*
Funds from operations	**$ 7,686,941**	$ 5,649,485*
Working capital	**$ 7,176,820**	$ 7,032,015*

*as restated for capital leases – see Note 2.



*Year ended January 2, 1972
†Year ended December 31, 1972

The company's broad business base has resulted in substantial sales growth over the past ten years.

To our Shareholders:

In reporting to you this year on behalf of your Board of Directors, one cannot help but make reference to the turn of a decade and draw comparisons as to your Company's perspective within the happenings of the 70's and its positioning as we take on the challenge of a new decade.

Fiscal 1979, in bringing the decade to a close, was for Silverwood Industries a year of exceptional progress. Sales, net income and earnings per share were all at their highest in the history of your Company.

Sales for the 52 weeks ended December 30, 1979 reached a record $315,427,884, an increase of $21,086,081 over those recorded in 1978. However, it must be remembered that 1978 included some $15,539,208 of sales from Royal Oak Dairy, Limited, which was sold in September, 1978. Thus sales from continuing business have increased by $36,625,289 or 13.1% in 1979.

Consolidated net income from operations of $2,982,629 or $2.22 per Class "A" and "B" share reflects a major step forward to a proper return on the invested capital in your Company. These earnings represent an increase of $1,464,071 or $1.09 per share over those reported in 1978.

As has been mentioned so many times in previous reports, the Seventies have been for Silverwood a phase of redirection. With the close of the decade, we are pleased to report that your Board is confident that much of that redirection has been accomplished. Our interest, our concern and our forward thrust goes beyond today's profitability to tomorrow's potential in a rapidly changing world.

The 70's experienced many major changes in the social and economic environment in which we live. These changes had dramatic implications for the total business community and the mode of operations of the industries and individual corporations within it. The success of the business enterprise in the 80's will depend in fair measure on its success in the 70's in adjusting to the new environment and to its ability in establishing a flexible organizational structure capable of coping with the changing environment and life style which will evolve in the 80's.

The 70's have been referred to as the "Me decade" with the demands for an increased standard of living and the equality of opportunity. Women entered the work force in increasing numbers, bringing a major swing to two income families and a changing social and economic climate within the family and the home. The faster pace of society impacted by the communications media, the greater social acceptance of divorce, the decline in the birth rate, have all brought about a change in life style with less emphasis on home and family. The "Me decade" also brought about an increased concern for personal health, for fitness and an increased interest in food ingredients and their nutritional benefits.

The 70's were impacted by economic inflation the degree of which few had experienced previously. The energy crisis accelerated inflation uncontrollably in the North American economy through the actions of the countries of the Middle East, together with the increasing needs of the so called Third World civilizations. The political climate appeared to be swinging towards the right as the decade ended with a greater clamour for reduced inflation and unemployment, through tighter, balanced fiscal budgets in government spending.

The change then for Silverwood in the 70's was difficult because of the many factors bearing upon its marketplace. Its primary business had been built catering to the family in its home environment. The change of emphasis and direction for Silverwood has thus been accomplished at a very appropriate time as we enter the Eighties. The "food away from home" syndrome of society is obviously escalating with the changing attitudes of society. Energy costs are going to have a decided impact on our life style throughout the new decade.

However, as we enter the decade - Silverwood has restored the historic earnings levels of the Company and is rapidly closing on its return on investment objectives for shareholders. Management is confident that the foundation is now in place for the profitable thrust into the opportunities of the 80's...

The financial base of the Company has been strengthened with the completion in December of the amalgamation of our operating companies into a more streamlined efficient entity.

We have finalized arrangements for a private placement of a new floating rate debenture issue for maximum borrowings up to

Our interest goes beyond today's profitability to tomorrow's potential in a rapidly changing world.

$18,000,000 at very attractive rates, as described in note 10(c) of the financial statements, which will be used to pay off bank indebtedness and finance our expansion and development into new fields.

We have increased the flexiblity of our capital base. Our Dairies Division has a smaller dollar value of fixed assets at work than a decade ago despite much greater dollar and unit sales and despite the inflationary impact on plant equipment and truck costs over that decade. Our Mac's Convenience Stores and Baskin-Robbins Ice Cream Stores operations are characterized by smaller fixed capital units which can be redirected with changing social conditions.

The larger portion of our operating divisions are now positioned within the growth segments of the economy with a recognition of the changing life styles of society.

Our people base has been strengthened immeasurably. The concerted effort to develop entrepreneurial activity within its retailing segment and the interest and leadership that it engenders has been accompanied with an increasingly decentralized management philosophy and a high level of individual motivation and performance.

Over time a company's success is as good or as indifferent as its people. There is no magic that makes a business great. It is a matter of having good people highly motivated by the opportunities available to them. Consequently, we are committed to creating that kind of environment.

During the 70's we have established Mac's Convenience Stores as a major company in its own right in the Canadian scene, with few comparable records in the total Canadian food industry. We have seen the change from a jug milk store of the 60's established by others, to a convenience store concept developed by Mac's in Canada. Its future will be in its adaption to changes required by society in its life style needs. The evolvement of a fast food centre within these stores and the eventual roll-out of the concept throughout all stores, is one of our success stories of 1979.

Our convenience store business was expanded into the United States in January, 1980, with the acquisition of all of the shares of FarrView Limited - a Flint, Michigan based chain of 33 company owned and 9 franchised convenience stores. This is intended as a forerunner to further expansion into the convenience store business south of the border.

In Baskin-Robbins Ice Cream Stores, we have developed a major entry into the specialty segment of the ice cream market place. After its success in Ontario with some 74 stores open, expansion has begun in British Columbia and entry into Quebec is scheduled for Spring, 1980. Together with providing a quality fun product for consumers, this division has developed a highly trained management team with expertise in creating a friendly and rewarding environment for franchisees to develop their own talents and earnings.

Our Dairies Division has been turned to a profit position after three years of unsatisfactory losses. The great emphasis placed upon the development of an aggressive, knowledgeable cost conscious management group these last few years is reaching its culmination. In 1979, the emphasis was placed on increased production and distribution efficiencies particularly in the very competitive Ontario marketplace. In 1980, we expect real progress in establishing our growth priorities in the food processing and distribution field.

At the Annual Meeting in 1979, Messrs. D.G. Silverwood and A.E. Lawrence, Jr. retired from your Board of Directors, each having given a decade of service to the Board. Mr. A.E. Lawrence, Jr. remains in active service with the Company as its Assistant Treasurer. Elected to the Board were Messrs. William P. Pigott, President - Pigott Construction Limited, Hamilton, Ontario and Robert S. Maich, President, Mac's Convenience Stores Limited, Scarborough, Ontario.

Finally, let us take the opportunity to thank all of our employees, distributors, dealers and franchisees for their tremendous contribution and loyalty through a difficult decade. We want to thank our customers for their continuing and growing support and our shareholders for their ongoing confidence. We intend to do all in our power to justify that continuing support.

Eric L. Lindsay

Chairman of the Board,
President & Chief Executive Officer


J. Allyn Taylor
Donald H. Thain
W. Sagain
R. G. Pardy
G. M. Carlyle
C. L. Tulloch
W. A. Stewart
David B. Weldon
W. P. Pigott
Eric F. Findlay

Our Directors and Officers have played a significant role in the continuing growth of the company.

Directors

W. I. Barton†
London, Ontario

G. M. Carlyle
President -The Quest for Handcrafts Canada Ltd.,
Calgary, Alberta

Eric F. Findlay*†
Toronto, Ontario

R. S. Maich
Toronto, Ontario

R. G. Pardy†
London, Ontario

W. P. Pigott*
President
Pigott Construction Limited,
Hamilton, Ontario

W. Sagain
Toronto, Ontario

W. A. Stewart†
London, Ontario

J. Allyn Taylor*†
Honorary Chairman
The Canada Trust Company,
London, Ontario

Donald H. Thain*†
Professor, School of Business Administration
University of Western Ontario,
London, Ontario

C. L. Tulloch
London, Ontario

David B. Weldon*†
Chairman of the Board
Midland Doherty Limited,
Toronto, Ontario

Honorary Directors

A. E. Lawrence, Sr.
London, Ontario

H. T. Spettigue
London, Ontario

Officers

Eric F. Findlay
Chairman of the Board
President &
Chief Executive Officer

R. G. Pardy
Vice President, Finance

G. R. Carton
Vice President, Legal
& Corporate Affairs

W. Sagain
Vice President,
Corporate Development

R. S. Maich
Vice President

W. I. Barton
Secretary-Treasurer

A. E. Lawrence, Jr.
Assistant Treasurer

Divisional Officers

M. E. Duffy
President
Silverwood Dairies Limited

Craig F. Findlay
Regional Director
Baskin-Robbins
31 Flavour
Ice Cream Stores

R. S. Maich
President
Mac's Convenience Stores Inc.

A. G. Sargant
Director
Research & Development

W. Lorimer Wilson
General Manager
Londonderry Distributors Inc.

* Audit Committee
† Executive Committee

We did what we said we'd do. We turned the division around, moved from loss to profit and established a new momentum for the Eighties.

Silverwood Dairies

1979 was the culmination of a program of reconstruction and decentralization for Silverwood Dairies which began in the mid-Seventies. For several years, all the efforts of management have concentrated on a return to profitability and the move towards an acceptable return on our shareholders' equity. We are happy to report that, for the first time since 1975, the country's major Canadian owned dairy operation has moved from a position of loss to one of profit. Our sales in 1979 were $147,725,075, a dramatic improvement over former, loss years. With this crucial barrier passed, the company can now look forward to expanding markets and a more vigorous profit picture in 1980 and in the decade ahead.

Much of the year's success was internally generated. Though our Western operations in Manitoba and British Columbia continued strong in sales performance and profit contributions, particulary in fluid milk, Ontario remained a problem. We have had to develop a leaner, more efficient operating structure in this province in order to move from loss to profit, reducing costly overhead and production costs in the process. Ontario's once highly centralized operation has now been decentralized, with more authority and responsibility being given to the operating centres so that they can be more reactive to the demands of the marketplace. This restructuring and decentralization is the key to new momentum not only in Ontario but in our Canada-wide dairy organization.

Silverwood Dairies' year of consolidation concentrated on putting the company in a sound operating position and therefore kept its new product introductions to a minimum. Nothing was more important than turning the division around towards corporate profitability. Over the longer term, however, we see major new developments and opportunities in the new product area. Silverwood continues to lead the market in the production and sale of premium quality lines, with its Canadian Supreme, Canadian DeLuxe, Laura Secord and Baskin-Robbins ice cream. We plan to add new ice cream lines in the future, with particular emphasis on novelty items, and we envisage new product introductions in the rapidly expanding yogourt market. Shelf stable milk is an innovation of note; while it will not replace fresh fluid milk, it will undoubtedly carve a niche for itself in the marketplace - and its export potential should not be underestimated. Because of this milk's remarkable shelf stability and because it needs no refrigeration, it has proven popular in many European countries.

In summary, the year was all we hoped it would be. Our dairy product enjoys wider distribution than that of any other dairy in Canada. Our name maintains its high quality profile amongst consumers - with the ethnic market increasingly significant, our private brands continue strong, our Western operations show continuing growth and profitability and in Ontario, restructuring promises new momentum and sale potential. Silverwood Dairies, established over seventy-five years ago, was the foundation upon which our parent corporation, Silverwood Industries, was built. This is something we are proud of, as we are proud of the people within our organization who have worked so diligently this past year. Their efforts are starting to pay off where it counts - on the bottom line.


31
To My Sweetheart

Baskin-Robbins

This year, we took our first step outside Ontario and we expect profitable expansion to continue-in the West, in Ontario, in Quebec-and ultimately, to all of Canada.

For the Baskin-Robbins 31 Flavour Stores Division, 1979 was a year of strong growth and success. By year end there was a total of 75 Baskin-Robbins Franchise Stores in operation. Encouraging sales growth continued, not only in total sales but in overall Ice Cream Gallonage Sales per Store. With the foundation of store growth and increasing sales, the Baskin-Robbins Division took its first step beyond the confines of Ontario with the opening of its first store in New Westminister, B.C.

An exciting expansion program will continue in 1980. By year end, the Baskin-Robbins Division will have representation in three provinces of Canada. Our plan calls for additional stores in the Ontario market, penetrating both the metropolitan markets and smaller communities, as well as further expansion into the resort areas of Ontario. Continued expansion will occur in British Columbia, concentrating in the Vancouver and Lower Mainland areas. Expansion will also move the Baskin-Robbins 31 Flavour Stores Division into the Province of Quebec during 1980, with concentrations in the Montréal and Hull areas. Unquestionably, Baskin-Robbins has, over the past few years, become a very substantial segment of the ice cream industry in Ontario. We confidently expect to achieve the same sales impact in the other Canadian provinces in the near future.

As we enter a new decade, there are some areas of concern for the Baskin-Robbins Division. Inflationary pressures continue, both in terms of cost increases relative to the development and the equipping of new stores, as well as the noticeable affect that increased interest rates have had on real estate development in some areas of the provinces. Rising energy costs are expected to impact both operating and production costs. However, the Division's rigid adherence to site selection criteria and a continued emphasis on cleanliness and customer service in the stores are major factors in our Company's-and each franchisee's—continuing success.

Beyond anything else, however, the adherence to a quality product is the key to Baskin-Robbins remarkable consumer acceptance. When Burt Baskin and Irv Robbins conceived their idea in the mid-40's they developed a concept where they could offer the public hundreds and hundreds of exotic ice cream flavours served in countless varieties and combinations. This concept that merchandised fun and enjoyment today has truly international ramifications. Every time a customer walks into a Baskin-Robbins store, be it in the United States, Japan or Toronto, they will encounter another exotic, flavourful and unique experience in the magical enjoyment of ice cream. Desserts from the Party Case which Baskin-Robbins creates with unique imagination, have proven to be a major factor in keeping our stores busy all year round. We have over 600 different flavours of ice cream on record. Each store carries 14 standard flavours - the most popular ones - with an additional 17 being changed from month to month for variety. 31 flavours a month - ever changing and always original, giving the customer a taste of what we call "that 31derful Feeling."

In 1979, the Baskin-Robbins Division test marketed different types of store concepts as part of our expansion program. We introduced a free-standing concept store, with expanded indoor and outdoor table and seating capabilities, located on a 'fast-food' strip location. We have found initial success with this type of location and are exploring other future possibilities. Baskin-Robbins also located a retail store within a 'restaurant campus' concept, a clustering concept of different type restaurant uses on one central site. This concept again proved successful and we are therefore looking into other possibilites. We also have examined the establishment of Baskin-Robbins Stores within major rail and air terminal locations for the future.

For the Baskin-Robbins 31 Flavour Stores Division the upcoming year and decade hold much excitement and promise. The outstanding consumer acceptance for the high quality Baskin-Robbins products, the entrepreneurial skills of the Baskin-Robbins Franchisee, and the management commitment of the Baskin-Robbins Division, all combined, will help us to attain our goals in the years to come.


Mac's

Mac's

We've taken everything we know about the business and put that knowledge to work for us. The result? A record year and exciting new concepts for the decade ahead.

Despite unprecedented competition from Canadian and American operations and the escalation of real estate, energy, operating, government and capital costs, Mac's leadership position continued in 1979. We experienced record sales of $189,093,616 - an increase of $22,383,319 or 13.4% over 1978. It was, as they say, a very good year.

During the year, we opened 52 new locations, introduced an innovative new store layout and a promising fast-food program, entered the Saskatchewan market, strengthened our organization at all levels in terms of talent and training, lengthened store hours, changed products and space utilization in line with consumer trends, established more intensive market coverage by field representatives and used the persuasive power of media advertising to build business. At the end of 1979, sales, profits and return on investment were at the highest level ever in the company's history.

As the year went, so did the decade. The facts speak for themselves. In 1970, Mac's had 282 stores. In 1979, the Mac's network totalled 631 - an increase over 1970 of 123.8%. A decade ago, we operated in four provinces - Ontario, Manitoba, Alberta and B.C. Today, the Mac's sign welcomes customers in Quebec and Saskatchewan, too-giving us virtually coast-to-coast coverage. Total sales for 1970 were $40,088,252... for 1979, $189,093,616 - an increase of 371%.

Some of the highlights of record-breaking 1979 are worth examining in greater detail. Sales growth per square foot, per store and in total, outpaced inflation, thanks to an approach which was responsive to the current and anticipated needs of the consumer. This attention was focused in many different ways-from stocking our shelves with the products we know people want to lengthening our store hours to keep pace with changing consumer lifestyles. Virtually all Mac's outlets are now open from 7 am to midnight, 7 days a week. A convenience store is, after all, people serving people - and customer loyalty depends now more than ever on how we respond to their puchasing needs.

Undoubtedly, a highlight of the year was the market testing and regional roll-out of the new Mac's store design and, at about the same time, the new Mac's Snacks fast-food program. Both are key to the company's future progress. Of the 52 new locations opened in 1979, approximately 42 were styled with Mac's new "look." The store glows invitingly behind a vast expanse of unobstructed glass. Once inside, the customer can see many differences. Angled aisles have replaced the old "straight down" aisles and they have been strategically placed to help divide the store into four distinct merchandising zones - fast foods, family snacks, groceries and non - foods. Moreover, the new aisles gently urge the customer to move in predetermined directions, for more effective merchandising.

Space utilization in the new Mac's store is based on painstaking research over a considerable period of time; we've taken everything we know about the convenience store business and put that knowledge to work for us. It's worth noting, too, that conversion of existing outlets to the new design was undertaken with minimal disruption to business. Conversion took place almost overnight - equipment changes, remodelling, repainting - with business as usual the following day.

In the new Mac's, close to the better-positioned security check-out, is a special new section called Mac's Snacks. This fast-food counter, which offers a range of breakfast to bedtime sandwiches, makes a hot fast snack microwave - easy and it's now in place in 105 of our stores, principally in southwestern Ontario and in Edmonton, Alberta. More will be introduced on a market by market basis over the next twelve to eighteen months, until all stores have the program in operation. Although Mac's Snacks made only a minimal contribution to overall sales and profits in its introductory year, 1979, the future impact in broadening our consumer appeal is most exciting.

Our operation in the province of Quebec continues to progress. Concentrated focus on rationalizing our Quebec operation generated substantial sales increases per store throughout 1979.

The company's performance in 1979 - indeed, over the past decade - has been particularly satisfying in light of unprecedented competition for real estate locations and for market share within the industry. Satisfying because Mac's is, essentially, a people-oriented business.

The Mac's store operator is an independent business person who is able with the company's resources, to compete much more successfully within the highly competitive food retail industry. Mac's gives these individual entrepreneurs the opportunity to progress with the knowledge that they have, at all times, the resources, flexibility and know-how of the organization to back them up. In the face of fierce competitive activity, Mac's network of independent operators has had remarkable success, which is a tribute to them and their enterprise.

Mac's Convenience Stores enters the Eighties as an industry leader with a commitment to continued innovative leadership, and with an awareness of some areas of risk in the new decade. The risks are those faced by many businesses today. The energy crisis will affect store operating costs, the cost of our distribution to stores and our suppliers' cost of production. Competition for the consumer's dollar will increase. Inflation will continue, affecting customers and operating costs.

Risks there are, but these are counterbalanced by many positive trends which can only help our business, trends which are fundamental and common to all parts of the country.

These socio-economic trends include more working women, more single person households, more people on the move and eating away from home, an expanding leisure time society and escalating gasoline costs which make the local Mac's a better value to the consumer than ever. In 1980 and over the next decade, Mac's intends to capitalize on these trends, responding to present and future consumer demands as we have responded so successfully in the past.

In 1980, our capital plans reflect a confidence in Canada, in the Mac's concept and in our employees and store operators. We shall continue the new store roll-out and the Mac's Snacks program - and we plan to test market some other exciting concepts, too. These include frozen carbonated beverage expansion to Ontario, small in-store bakeries at selected Mac's outlets, take-out fast food such as pizza or fried chicken, 24-hour photo processing and the testing of what we call Mac's Plus...a prototype store that offers more than Mac's has offered in the past - a cluster of services, such as a delicatessan, bakery, wine store and dry cleaning outlet. 1980 capital expenditures within the Mac's organization are planned at the highest level ever - $8.1 million. Which is, we think, indicative of realistic enthusiasm and confidence not only for the new year but also for the new decade.

Londonderry

Despite a general decline in the bottled segment of the juice/drink market, Londonderry's case sales were up over a year ago. Total sales for 1979 were $4,129,255, an increase of 11.3% over the previous year. The addition of generic label business from some of the major supermarket chains was a factor. Londonderry is already a leader in private label business, bottling juice for Loblaws, Dominion, Safeway and A & P. Additional generic activity was a company plus for 1979 - and contributed to the profit picture.

Extensive diversification of our flavour line was also a major factor in Londonderry's ongoing success. The line now includes vegetable cocktail, grape, fruit punch, apple, lemonade and tea with lemon. This family of juice/drinks, marketed under Silverwood's Southern Pride label, promises continuing profitability this year and in the future.

Finally, we were able this past year to successfully launch Citrus Pride "Orange Juice in a Bag". R & D did a remarkable job for us in 1979, not only coming up with a dozen different flavour formulations but also assisting us with this innovative packaging. We can now package juice in 1 litre plastic bags, much as milk is - but with a longer shelf life than milk possesses.

Londonderry's aseptic juice processing and distribution operation continues to be unique on the Canadian scene; our cold-pack process, which dilutes and bottles frozen concentrate, is markedly different from juice canning, a hot-pack process which, quite literally, "cooks" the juice before it is packed. The cold-pack process we use produces a close to "fresh-squeezed" flavour which is preserved - and which looks better - in glass bottles. In operation for over ten years, Londonderry is the leading processor of bottled orange and grapefruit juice in the country.

The company's long-range plans for updating its processing equipment and faci-

As it does with other divisions, R&D helped Londonderry create new products and packaging last year-to keep case sales up in a declining market.

lities to improve production efficiencies involves further capital spending, which will continue in 1980. This, along with a determined attitude to be an industry leader in areas of new marketing concepts and product diversification will help broaden our base and contribute to the ongoing growth of the Londonderry organization.

R&D

Research and Development is an important resource of Silverwood Industries. A highly trained technical staff with expertise in biochemistry and microbiology conduct research year-round in the R & D lab and pilot plant located in London, Ontario. This research team represents a distinct Canadian presence in an industry where most research is financed and located south of the border - which gives our competition an obvious cost advantage. Silverwood Industries decided to develop, at considerable expense, this Canadian capability because it believes the country is the ultimate beneficiary.

R & D's objectives are to investigate and initiate technological innovations and product improvements that will contribute to the marketing growth and processing efficiencies of Silverwood Dairies, Mac's and Londonderry divisions. Their needs are met in many different ways. For Mac's we recently helped launch Mac's Snacks, working with suppliers, with consumer testing, submitting samples, developing standards and establishing shelf life of Mac's Snacks, products. For Silverwood Dairies, we are constantly working on areas of re-formulation, quality assurance and taking advantage of innovations available to the Dairies industry. For instance, we helped develop sterilization techniques which have increased the shelf life - and sales - of whipping cream. For Londonderry, as we have just seen, we contributed to new products and packaging which helped the division increase its case sales in a declining market.

R & D is also part of the wide Canadian technological community, presenting technical papers from time to time and doing contract research under the auspices of the National Research Council of Canada. We expect to do more contract research in the future, for we believe that by doing so we will help the Division operate on a desirable P/L basis. Our future thrust will be for our company, for the community and for the country.

Silverwood Industries Limited Financial Year in Review

The 1979 fiscal year of Silverwood Industries and its subsidiaries comprises 52 weeks ended December 30, 1979.

Operating earnings of $2,982,629 in 1979 represent $2.22 per Class "A" and Class "B" share compared with $1,518,558 or $1.13 per share in 1978. There was no extraordinary income in 1979 or 1978, hence operating earnings also represent total earnings for both years.

Sales

Annual consolidated sales for 1979 were $315,427,884 compared with sales of $294,341,803 in 1978, an increase of 7.16 per cent. A comparative breakout of sales for the two year period is as shown in the table below.

Expenses

Cost of sales as a percentage of sales showed a decrease for the second consecutive year. The 1979 percentage of 76.29 compared with 77.44 per cent in 1978, a decrease of 1.15 percentage points. Selling, administrative and general expenses rose from 19.50 per cent in 1978 to 19.99 in 1979, an increase of 0.49 percentage points. Depreciation and amortization expense was $4,416,612 in 1979, down marginally from $4,431,227 the previous year. Total interest expense was down from $1,825,905 in 1978 to $1,778,628 in 1979. Loan amounts throughout the year for short and long term debt were lower on the average in 1979 compared with 1978, but interest rates were higher.

Capital Expenditures

Purchased fixed asset additions in 1979 amounted to $5,435,171, compared with $3,944,716 in 1978. New store equipment and the Mac's Snacks fast food program equipment amounted to approximately $3.1 million, while Dairy capital replacement and maintenance activities represented $1.5 million. With the exception of the Mac's fast food program, the pattern of 1979 expenditures was similar to 1978. Capital lease expenditures were $1,884,746 for 1979, compared with $1,969,574 in 1978. Dairy rolling stock accounted for a high percentage of leased equipment in both years.

Balance Sheet Position

Working capital for 1979 at $7,176,820 showed marginal improvement over 1978 at $7,032,015. The amounts for both years reflect adjustments for capital leases, which resulted in a retroactive reduction of 1978 working capital of $599,000 and a cumulative net reduction of 1979 working capital of $845,000. Long term debt decreased from $12.7 million in 1978 to $10.2 million in 1979. New financing under negotiation will provide $10.0 million in long term funds during 1980 with the effect of replacing $6.2 million of existing debt and providing $3.8 million of additional funds.

Sales Summary	1979	1978	%
Dairies Division	**$147,725,075**	$135,173,563	9.29
Convenience Store Division	**189,093,616**	166,710,297	13.43
Consolidated sales of Royal Oak Dairy, Limited–January 1, 1978 to September 29, 1978		15,539,208	(100.00)
Total	**336,818,691**	317,423,068	6.11
Inter-company sales	**21,390,807**	23,081,265	(7.32)
Total consolidated sales	**$315,427,884**	$294,341,803	7.16

Auditors' Report

To the Shareholders of
Silverwood Industries Limited.

We have examined the consolidated balance sheet of Silverwood Industries Limited as at December 30, 1979 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 30, 1979 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year after giving retroactive effect to the capitalization of certain leases explained in note 2 to the financial statements.

London, Canada.
February 20, 1980.

Clarkson Gordon
Chartered Accountants.

Consolidated Statement of Income

Year ended December 30, 1979
(with comparative amounts for the year ended December 31, 1978)

	1979	As restated (note 2) 1978
Sales	**$315,427,884**	$294,341,803
Less:		
Cost of sales	**240,639,516**	227,931,026
Selling, administrative and general expenses	**63,061,799**	57,405,887
Depreciation and amortization (note 9(c))	**4,416,612**	4,431,227
Interest (note 9(d))	**1,778,628**	1,825,905
	309,896,555	291,594,045
Income before taxes and minority interest	**5,531,329**	2,747,758
Taxes on income (note 8):		
Current	**2,261,000**	1,529,500
Deferred	**287,700**	(391,300)
	2,548,700	1,138,200
Income before minority interest	**2,982,629**	1,609,558
Minority interest		(91,000)
Net income for year	**$ 2,982,629**	$ 1,518,558
Earnings per Class "A" and "B" shares:		
Net income for year	**$2.22**	$1.13

(See accompanying notes)

Consolidated Statement of Retained Earnings

Year ended December 30, 1979
(with comparative amounts for the year ended December 31, 1978)

	1979	As restated (note 2) 1978
Balance, beginning of year as restated (note 2)	**$ 22,176,441**	$ 21,464,503
Add net income for year	**2,982,629**	1,518,558
	25,159,070	22,983,061
Deduct:		
Dividends declared (60c per share in 1979 and 1978) –		
Class "A"	**541,894**	541,894
Class "B"	**264,726**	264,726
	806,620	806,620
Balance, end of year	**$ 24,352,450**	$ 22,176,441

(See accompanying notes)

Consolidated Balance Sheet

December 30, 1979
(with comparative amounts at December 31, 1978)

Assets	1979	As restated (note 2) 1978
Current:		
Cash	$ 121,028	$ 144,258
Marketable securities – at cost (approximate market value – $602,800 – 1979; $611,300 – 1978)	750,000	750,000
Accounts receivable	16,068,134	15,628,204
Inventories (note 1(c))	22,029,439	18,868,412
Prepaid expenses	1,714,578	1,113,492
Total current assets	40,683,179	36,504,366
Land, buildings and equipment held for sale (note 1(d))	509,273	983,630
Fixed – (notes 1(e) and 3)	32,994,241	30,728,526
Deferred receivables and other assets	918,957	2,000,046
Goodwill (note 1(g))	5,696,764	5,771,229
Deferred expenses (note 1(j))	233,200	167,800
	6,848,921	7,939,075
	$81,035,614	$76,155,597

(See accompanying notes)

On behalf of the Board

Director

Director

Liabilities and Shareholders' Equity	1979	As restated (note 2) 1978
Current:		
Due to bankers (secured by accounts receivable and inventories)	**$ 2,106,093**	$ 775,846
Accounts payable and accrued charges	**26,929,474**	24,787,314
Income taxes payable	**1,470,553**	1,285,073
Dividends declared	**201,575**	201,575
Current portion of long-term debt (notes 4 and 10(c))	**1,990,417**	1,849,657
Current portion of obligations under capital lease	**808,247**	572,886
Total current liabilities	**33,506,359**	29,472,351
Long-term debt (notes 4, 6 and 10(c))	**10,150,848**	12,766,003
Obligations under capital lease (notes 1(f) and 4(b))	**3,687,040**	2,655,669
	13,837,888	15,421,672
Deferred income taxes (note 1(h))	**1,997,600**	1,709,900
Deferred income (note 1(i))		33,916
	1,997,600	1,743,816
Shareholders' equity:		
Capital stock (note 5)	**7,341,317**	7,341,317
Retained earnings (note 6)	**24,352,450**	22,176,441
Total shareholders' equity	**31,693,767**	29,517,758
	$81,035,614	$76,155,597

Consolidated Statement of Changes in Financial Position

Year ended December 30, 1979
(with comparative amounts for the year ended December 31, 1978)

	1979	As restated (note 2) 1978
Source of working capital:		
Operations–		
Consisting of:		
Net income for year	**$ 2,982,629**	$ 1,518,558
Add (deduct) items not affecting working capital:		
Depreciation and amortization	**4,416,612**	4,431,227
Deferred income taxes	**287,700**	(391,300)
Minority interest		91,000
Working capital provided from operations	**7,686,941**	5,649,485
Increase in long-term debt	**531,404**	749,952
Increase in obligations under capital lease	**1,884,746**	1,969,574
Decrease in deferred receivables	**1,081,089**	700,070
Net proceeds on disposal of fixed assets (including land, buildings and equipment held for sale)	**1,208,412**	646,162
Proceeds on disposal of investment in Royal Oak Dairy, Limited (net of working capital of $1,264,951 at date of disposal)		785,049
	12,392,592	10,500,292
Application of working capital:		
Additions to fixed assets–		
Owned	**5,435,171**	3,944,716
Leased	**1,884,746**	1,969,574
	7,319,917	5,914,290
Repayment of long-term debt	**3,146,559**	2,158,223
Repayment of obligations under capital lease	**853,375**	645,631
Dividends to shareholders	**806,620**	806,620
Decrease in deferred income	**33,916**	158,958
Purchase of goodwill		8,000
Deferred expenses	**87,400**	
Reductions in minority interest including dividends paid by subsidiary companies		134,263
	12,247,787	9,825,985
Increase in working capital	**144,805**	674,307
Working capital, beginning of year	**7,032,015**	6,357,708
Working capital, end of year	**$ 7,176,820**	$ 7,032,015
Represented by:		
Current assets	**$40,683,179**	$36,504,366
Current liabilities	**33,506,359**	29,472,351
Working capital	**$ 7,176,820**	$ 7,032,015

(See accompanying notes)

Notes to the Consolidated Financial Statements

December 30, 1979

1. Summary of significant accounting policies

The consolidated financial statements present the financial position, results of operations and changes in financial position of the company in accordance with generally accepted accounting principles applied on a consistent basis after giving retroactive effect to the capitalization of certain leases explained in note 2. The more important accounting policies are summarized as follows:

(a) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of all subsidiary companies. Intercompany accounts and transactions have been eliminated.

The results of operations of Royal Oak Dairy, Limited have been included in the attached financial statements for the period from January 1, 1978 to the date of sale of that subsidiary company on September 29, 1978. The net income attributable to that period, after making provision for minority interest, amounted to $177,208.

(b) DEFINITION OF FISCAL YEAR

The fiscal year of Silverwood Industries Limited for 1979 ended on December 30 and for 1978 on December 31 with each fiscal year comprising 52 weeks.

(c) INVENTORIES

Inventories are valued at the lower of cost and estimated net realizable value. Cost is determined by the retail method (retail price less normal margin) for convenience stores inventories and the first-in, first-out method for dairy division and supplies inventories.

Inventory values are as follows:

	1979	1978
Convenience stores	**$12,912,647**	$10,637,366
Dairy division	**3,390,037**	3,012,687
Supplies	**5,726,755**	5,218,359
	$22,029,439	$18,868,412

(d) LAND, BUILDINGS AND EQUIPMENT HELD FOR SALE

Discontinued facilities held for sale are carried at the lower of cost less accumulated depreciation or estimated realizable value and are shown as a separate item in the balance sheet. During 1979 one of these properties was sold for a cash consideration of $475,000 which was equal to its book value.

(e) FIXED ASSETS

Fixed assets are carried at cost. Depreciation and amortization are provided on a straight line basis using rates that will charge operations with the cost of these assets over their estimated useful lives. When fixed assets are sold, the related cost and accumulated depreciation or amortization are removed from the respective accounts and any profit or loss is reflected in the consolidated statement of income. Expenditures for repairs and maintenance are charged to income as incurred. The depreciation and amortization periods are as follows:

Buildings	20-50 years
Machinery and equipment	10 years
Merchandising equipment	10-12 years
Delivery equipment	7 years
Leasehold improvements	term of lease

(f) LEASES

As a result of the accounting change explained in note 2, leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incident to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the property's fair value at the beginning of such lease and the present value of the minimum lease payments. Assets recorded under capital leases are amortized on the same straight-line method described in (e) above. Obligations recorded under capital leases are reduced by rental payments net of imputed interest. The imputed interest is charged to income and included with interest expense.

(g) GOODWILL

Goodwill includes amounts arising from the excess of purchase price of subsidiaries over the fair market value of the underlying assets and purchased goodwill.

Goodwill acquired prior to January 1, 1974, is carried at cost, less net proceeds from any disposals. Pre-1974 goodwill has been allocated by management to certain geographic areas. The net proceeds on disposal of goodwill reduce first the cost of goodwill in the related geographic area, then any proceeds in excess of cost are accounted for as an extraordinary item in the income statement.

Goodwill acquired after December 31, 1973 is being amortized on a straight-line basis over periods of five to ten years. Amortization for 1979 and 1978 amounted to $74,465 and $93,300 respectively.

(h) DEFERRED INCOME TAXES

The company follows the tax allocation method of accounting. The deferrals arise substantially from the company claiming capital cost allowance for income tax purposes in excess of depreciation and amortization charged to consolidated income.

(i) FRANCHISE FEES

Franchise fees are taken into income over the term of the franchise agreement on a straight-line basis.

(j) DEFERRED EXPENSES

Expenses incurred in connection with the issue of and amendments to the sinking fund debenture Series A are capitalized in the accounts and amortized on a straight-line basis over the term of debenture issue.

Expenses in connection with the amalgamation (see note 10(a)) are capitalized in the accounts and will be amortized on a straight-line basis over five years commencing in 1980.

2. Accounting change

In 1979 the company changed its method of accounting for leases to comply with the provision of the Canadian Institute of Chartered Accountants recommendation on "Leases." This recommendation requires that leases meeting certain criteria be capitalized and depreciated over their estimated useful life, with appropriate charges to operations for the imputed interest portion of rental payments. The application of the recommendation is effective for leases entered into after January 1, 1979. The Company has elected to retroactively adopt the recommendation and accordingly, the financial statements of the prior year have been restated. As a result of this accounting change net income increased by $12,951 in 1979 and $900 in 1978, retained earnings decreased by $19,173 at December 31, 1978 and $20,073 at January 1, 1978 and working capital decreased by $844,850 at December 30, 1979 and $599,406 at December 31, 1978.

3. Fixed assets

The major categories of fixed assets are as follows:

1979	Owned	Leased	**Total**
Land	$ 1,340,171		**$ 1,340,171**
Buildings	9,923,832		**9,923,832**
Machinery and equipment	15,382,291	$1,551,291	**16,933,582**
Merchandising equipment	24,461,418	868,253	**25,329,671**
Delivery equipment	5,517,153	3,984,701	**9,501,854**
Leasehold improvements	5,625,282		**5,625,282**
	62,250,147	6,404,245	**68,654,392**
Less accumulated depreciation and amortization	33,775,074	1,885,077	**35,660,151**
Net book value	$28,475,073	$4,519,168	**$32,994,241**

1978	Owned	Leased	**Total**
Land	$ 1,283,873		**$ 1,283,873**
Buildings	9,351,612		**9,351,612**
Machinery and equipment	14,554,430	$1,532,257	**16,086,687**
Merchandising equipment	22,829,826	420,707	**23,250,533**
Delivery equipment	6,153,722	2,566,535	**8,720,257**
Leasehold improvements	4,861,371		**4,861,371**
	59,034,834	4,519,499	**63,554,333**
Less accumulated depreciation and amortization	31,523,110	1,302,697	**32,825,807**
Net book value	$27,511,724	$3,216,802	**$30,728,526**

4. Long-term debt and obligations under capital lease

(a) LONG-TERM DEBT

The details of long-term debt are as follows:

	1979	1978
8% (7¼% prior to October 6, 1979) sinking fund debentures Series A, due July 5, 1986 (sinking fund payment of $400,000 per annum)*	**$ 4,759,500**	$ 5,175,500
Term notes payable to bankers at prime plus 1% interest, due 1980 to 1984** (see note 10(c))	**6,219,529**	8,281,763
9¼%-11% mortgages payable	**926,975**	898,152
Lease deposits	**235,261**	260,245
	12,141,265	14,615,660
Less portion due within one year included in current liabilities net of debentures redeemed in advance (see note 10(c))	**1,990,417**	1,849,657
	$10,150,848	$12,766,003

Aggregate non-current maturities and sinking fund requirements are as follows:

Year ended	Amount
December 27, 1981	$ 3,532,013
December 26, 1982	1,381,082
January 1, 1984	647,095
December 30, 1984	489,342
Subsequent years	4,101,316
	$10,150,848

*Security for the sinking fund debentures Series A includes an assignment of a first floating charge on the assets of the parent company and certain of its subsidiary companies and a specific charge on their real property.

**The assets of two subsidiary companies are pledged under floating charge debentures as security for term notes of these subsidiaries totalling $5,219,529 which amount is included in the $6,219,529.

(b) OBLIGATIONS UNDER CAPITAL LEASE

Non-current maturities of these obligations are as follows:

December 27, 1981	$1,034,078
December 26, 1982	986,488
January 1, 1984	769,791
December 30, 1984	658,635
Subsequent years to 1989	1,333,006
	4,781,998
Less imputed interest	1,094,958
	$3,687,040

These obligations are due at various dates up to 1987 with imputed annual interest rates varying from 6.24% to 15.06%.

5. Capital stock

The details of the capital stock for 1979 and 1978 are set out below:

Class "A" shares without par value entitled to cumulative, preferential dividends of 60¢ per share per annum payable quarterly, and after the Class "B" shares have received 60¢ per share in any one year to further participation rateably with Class "B" shares; entitled in liquidation to a priority of $15 per share –
Class "B" shares without par value.

	Class "A"	Class "B"	
Authorized	1,000,000 shares	500,000 shares	
Issued	903,158 shares	441,212 shares	**$7,341,317**

6. Restrictions on payment of dividends

Under the provisions of the Series A Trust Indenture securing the 8% (7¼% prior to October 6, 1979) sinking fund debentures Series A, the Company cannot declare or pay dividends (other than stock dividends and dividends at the rate of 60c per share per annum on the outstanding Class "A" shares of the Company), when the consolidated retained earnings of the Company and certain of its subsidiaries as designated under the Series A Trust Indenture are less than the lesser of 75% of the principal amount of all funded obligations of the Company and its designated subsidiaries or $7,500,000.

The company is in compliance with the covenants of the Series A Trust Indenture.

7. Operating lease agreements and commitments

(a) OPERATING LEASE AGREEMENTS

Silverwood Industries Limited and its subsidiary companies have entered into agreements to lease equipment and properties for various periods up to 1990 at total maximum aggregate net rentals of approximately $62,507,800. Minimum annual net rentals which will be charged to consolidated operations in the ordinary course of business in subsequent years for leases in effect at December 30, 1979 are as follows:

December 28, 1980	$9,624,999
December 27, 1981	9,197,843
December 26, 1982	8,555,464
January 1, 1984	8,092,666
December 30, 1984	7,339,075

Certain of these leases provide for additional rent based on sales.

(b) PENSIONS

The actuaries have advised the company that there is no unfunded liability at December 30, 1979. During 1979 the company made revisions to its pension plan providing for increased benefits.

Current service costs are funded and charged to operations as they accrue.

8. Taxes on income

Taxes on income have been reduced by $250,000 in 1979 and by $246,000 in 1978 by claiming the 3% inventory allowance as pemitted under the Income Tax Act, Canada.

9. Statutory and other information

(a) REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Aggregate direct remuneration paid or payable by the company and its subsidiaries to directors, who act only in that capacity, and senior officers, some of whom act as directors of the company but do not receive additional remuneration as such, as defined by Section 178(11) of The Business Corporations Act of Ontario, amounted to:

	1979	1978
Directors	**$ 37,400**	$ 26,100
Senior officers	**548,837**	517,876
	$586,237	$543,976

(b) CLASSES OF BUSINESS

The company has determined that the classes of business contributing in excess of 10% of sales in 1979 and 1978 were as follows:

	1979		1978	
	$	**%**	$	%
Convenience stores	**189,093,616**	**59.9**	176,953,505	60.1
Dairies	**147,725,075**	**47.3**	140,469,563	47.7
	336,818,691	**107.2**	317,423,068	107.8
Less inter-company sales	**21,390,807**	**7.2**	23,081,265	7.8
Consolidated sales	**315,427,884**	**100.0**	294,341,803	100.0

(c) DEPRECIATION AND AMORTIZATION

Depreciation and amortization includes charges to income for the following:

	1979	1978
Fixed assets –		
Owned	**$3,737,767**	$3,918,304
Leased	**582,380**	397,623
Goodwill and deferred expenses	**96,465**	115,300
	$4,416,612	$4,431,227

(d) INTEREST EXPENSE

Interest expense includes the following charges (credits) to income:

	1979	1978
Long-term debt	**$1,432,448**	$1,436,365
Obligations under capital lease	**360,942**	227,390
Short-term debt	**465,341**	513,780
Interest income from deposits and investments	**(418,813)**	(304,961)
Interest income from other sources	**(61,290)**	(46,669)
	$1,778,628	$1,825,905

10. Subsequent events

(a) AMALGAMATION

On December 31, 1979, the first day of the company's 1980 fiscal year, three subsidiary companies (Mac's Convenience Stores Limited, Londonderry Distributors Limited and Kayesil Limited) were amalgamated with Silverwood Industries Limited under the provisions of The Business Corporations Act (Ontario). The amalgamated company will continue under the name Silverwood Industries Limited.

The Company obtained the approval of the amalgamation from the Series A debenture holders on October 12, 1979 and from the shareholders on December 14, 1979.

(b) ACQUISITION

On January 17, 1980, the Company acquired, for a cash consideration of $525,000, 100% of the issued and outstanding shares of FarrView Limited, a company operating a small chain of convenience stores in the Flint, Michigan area of the United States.

The details of the acquired net assets as at January 17, 1980 were not available at the reporting date of these financial statements (February 20, 1980) and will be included in the company's first quarterly report in 1980.

(c) REFINANCING

The company is negotiating a new floating rate debenture issue for maximum borrowings up to $18,000,000 at the prime lending rate plus ¼% with interest payable semi-annually. Under the proposed debenture issue, the company may borrow $10,000,000 and up to an additional $8,000,000 before February 23, 1981. The funds would be used to retire the long-term notes payable to bankers of $6,219,529 and to provide additional working capital (see note 4(a)).

It is proposed that the floating rate debentures be secured by a trust indenture which will include a fixed and floating charge on all the assets of the company and certain of its subsidiaries subject to and subordinated to prior charges of the Series A debenture holders and subject to a mortgage on certain properties and all assets under capital lease.

It is contemplated that the floating rate debentures will be due in year 2000 subject to the following repayment terms:

- (i) No repayment is to be permitted for a period of two years from the date of issue.
- (ii) Repayments of amounts are permitted after the initial two year period referred to in (i) above, provided that each payment is not less than $500,000 with provision for additional amounts in $100,000 increments.
- (iii) Sinking fund repayments are required at the rate of 7½% of the balance outstanding at February 22, 1988 for each year from 1988 to 1999 inclusive with the balance due in year 2000.

The restrictive covenants of the trust indenture securing the floating rate debentures will be substantially the same as those included in the amended trust indenture securing the Series A debentures.

Ten Year Comparative Summary

Fiscal year	1979	1978	1977
Sales	**$315,427,884**	294,341,803	265,866,529
Income before extraordinary item	**$ 2,982,629**	1,518,558*	561,926
Net income for year	**$ 2,982,629**	1,518,558*	2,086,126
Income for each Class "A" and "B" share before extraordinary item	**$ 2.22**	1.13	.42
Net income for each Class "A" and "B" share for year	**$ 2.22**	1.13	1.55
Dividends	**$ 806,620**	806,620	806,620
Per Class "A" share	**$ .60**	.60	.60
Per Class "B" share	**$ .60**	.60	.60
Percentage of consolidated earnings paid in dividends	**27.0%**	53.1%	38.7%
Earnings re-invested in the business	**$ 2,176,009**	711,938*	1,279,506
Percentage of earnings re-invested in the business	**73.0%**	46.9%	61.3%
Capital invested			
Long-term debt	**$ 13,837,888**	15,421,672*	14,212,419
Shareholders' equity	**$ 31,693,767**	29,517,758*	28,825,893
Total	**$ 45,531,655**	44,939,430*	43,038,312
Percentage of shareholders' equity to total investment	**69.6%**	65.7%	67.0%
Shareholders' equity per share	**$ 23.58**	21.96	21.44
Working capital	**$ 7,176,820**	7,032,015*	6,710,906

1979 – Fifty-two weeks ended December 30, 1979
1978 – Fifty-two weeks ended December 31, 1978
1977 – Fifty-three weeks ended January 1, 1978
1972-1976 – Fifty-two weeks ended approximately the end of December in each year
**1972 – Fifty-two weeks ended January 2, 1972
1971 – Forty weeks ended January 3, 1971

*Restated for capital leasing (note 2)

1976	1975	1974	1973	1972	**1972	1971
238,234,978	261,326,735	229,080,262	189,207,993	172,001,680	162,629,505	118,042,541
559,057	1,881,886	1,354,921	2,204,189	1,247,582	1,504,587	1,409,910
2,153,708	2,306,639	1,645,750	2,452,100	1,762,700	1,538,348	1,466,225
.42	1.40	1.01	1.64	.93	1.12	1.05
1.60	1.72	1.22	1.82	1.31	1.14	1.09
1,008,277	1,075,496	1,075,496	1,075,496	1,075,496	1,075,496	806,622
.75	.80	.80	.80	.80	.80	.60
.75	.80	.80	.80	.80	.80	.60
46.8%	46.6%	65.3%	43.9%	61.0%	69.9%	55.0%
1,145,431	1,231,143	570,254	1,376,604	687,204	462,852	659,603
53.2%	53.4%	34.7%	56.1%	39.0%	30.1%	45.0%
14,903,941	13,440,267	13,149,557	12,104,719	12,684,757	11,007,652	10,670,617
27,546,387	26,400,956	25,169,813	24,599,559	23,222,955	22,535,751	22,072,899
42,450,328	39,841,223	38,319,370	36,704,278	35,907,712	33,543,403	32,743,516
64.9%	66.3%	65.7%	67.0%	64.6%	67.1%	67.4%
20.49	19.64	18.72	18.30	17.27	16.76	16.42
8,179,863	5,110,055	2,671,837	3,339,964	3,929,331	3,274,310	3,355,441

Corporate Data

Operating Divisions

Silverwood Dairies Limited
Head Office, Toronto, Ontario

M.E. Duffy, President
R.C. Ferguson, Vice President Finance and Administration
I.R. Fuller, Vice President and General Manager Western Division
W.W. Pascoe, Director of Plant Operations
D.E. Coe, Manager Toronto District
T.F. Kotschorek, Manager London District
P. Nieuwenhuyzen, Manager Peterborough District
J.D. Mousseau, Manager North Bay District

Baskin-Robbins 31 Flavour Ice Cream Stores
Toronto, Ontario

Craig F. Findlay, Regional Director
Peter O'Rourke, Manager Real Estate Division
D.G. Seebach, Franchise Manager
R.C. Newton
A. Karrys - D. Wright, District Representatives
N.W. Sanderson, Manager Administration

Mac's Convenience Stores Inc.
Head Office, Toronto, Ontario

R.S. Maich, President
R.F. Egerdie, Vice President, Finance
E.C. Higgins, Vice President, Corporate Development
R.C. Broadhead, Vice President, Merchandising
B.J. Livingston, Vice President, Real Estate
J. DeWit, Vice President, Eastern Operations
R.J. Pylypiw, Vice President, Western Operations

Research & Development
London, Ontario

A.G. Sargant, Director

Londonderry Distributors Inc.
Toronto, Ontario

W. Lorimer Wilson, General Manager
P. Barker, Accountant
D.T. Sansone, Production Manager

Head Office
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Mailing Address
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Transfer Agents
The Canada Trust Company
Toronto, Calgary and Vancouver

Auditors
Clarkson Gordon
Chartered Accountants

Design: Robert Magee

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